

SECOND REGULAR SESSION
HOUSE COMMITTEE SUBSTITUTE FOR
SENATE BILL NO. 573
90TH GENERAL ASSEMBLY

Reported from the Committee on Education - Elementary & Secondary, April 10, 2000, with recommendation that the House Committee Substitute for Senate Bill No. 573 Do Pass.

ANNE C. WALKER, Chief Clerk

2514L.05C

AN ACT

To repeal sections 163.011, 163.031, 163.036, 163.172, 167.164 and 170.051, RSMo Supp. 1999, relating to the clarification of the calculation and distribution of certain elements of state school aid, and to enact in lieu thereof six new sections relating to the same subject, with an emergency clause for a certain section.

Be it enacted by the General Assembly of the state of Missouri, as follows:

Section A. Sections 163.011, 163.031, 163.172, 167.164 and 170.051, RSMo Supp. 1999, are repealed and five new sections enacted in lieu thereof, to be known as sections 163.011, 163.031, 163.172, 167.164 and 170.051, to read as follows:

163.011. As used in this chapter unless the context requires otherwise:

(1) "Adjusted gross income":

(a) "District adjusted gross income per return" shall be the total Missouri individual adjusted gross income in a school district divided by the total number of Missouri income tax returns filed from the school district as reported by the state department of revenue for the second preceding year;

(b) "State adjusted gross income per return" shall be the total Missouri individual adjusted gross income divided by the total number of Missouri individual income tax returns, of those returns designating school districts, as reported by the state department of revenue for the second preceding year;

(c) "District income factor" shall be one plus thirty percent of the difference of the district income ratio minus one, except that the district income factor applied to the portion of the assessed valuation corresponding to any increase in assessed valuation above the assessed valuation of a district as of December 31, 1994, shall not exceed a value of one;

(d) "District income ratio" shall be the ratio of the district adjusted gross income per return divided by the state adjusted gross income per return;

(2) "Adjusted operating levy", the sum of tax rates for the current year for teachers' and incidental funds for a school district as reported to the proper officer of each county pursuant to section 164.011, RSMo;

(3) "Average daily attendance" means the quotient or the sum of the quotients obtained by dividing the total number of hours attended in a term by resident pupils between the ages of five and twenty-one by the actual number of hours school was in session in that term. To the average daily

EXPLANATION — Matter enclosed in bold faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.

attendance of the following school term shall be added the full-time equivalent average daily attendance of summer school students. "Full-time equivalent average daily attendance of summer school students" shall be computed by dividing the total number of hours attended by all summer school pupils by the number of hours required in section 160.011, RSMo, in the school term. For purposes of determining average daily attendance under this subdivision, the term "resident pupil" shall include all children between the ages of five and twenty-one who are residents of the school district and who are attending kindergarten through grade twelve in such district. If a child is attending school in a district other than the district of residence and the child's parent is teaching in the school district or is a regular employee of the school district which the child is attending, then such child shall be considered a resident pupil of the school district which the child is attending for such period of time when the district of residence is not otherwise liable for tuition. Average daily attendance for students below the age of five years for which a school district may receive state aid based on such attendance shall be computed as regular school term attendance unless otherwise provided by law;

(4) "Current operating costs", all expenditures for instruction and support services excluding capital outlay and debt service expenditures less the revenue from federal categorical sources, food service, student activities and payments from other districts;

(5) "District's target rate", the district's average percentage of pupils from fiscal years 2000 to 2005 scoring at or above the proficiency level on the statewide assessment system on either mathematics or reading/communication arts plus one percentage point for each year after fiscal year 2005 except that the district's target rate shall not exceed the statewide average percentage from fiscal year 2000 to fiscal year 2005 scoring at or above the proficiency level on the statewide assessment system on either mathematics or reading/communication arts;

(6) "District's tax rate ceiling", the highest tax rate ceiling in effect subsequent to the 1980 tax year or any subsequent year. Such tax rate ceiling shall not contain any tax levy for debt service;

(7) "Eligible pupils" shall be the sum of the average daily attendance of the school term plus the product of two times the average daily attendance for summer school;

(8) "Equalized assessed valuation of the property of a school district" shall be determined by multiplying the assessed valuation of the real property subclasses specified in section 137.115, RSMo, times the percent of true value as adjusted by the department of elementary and secondary education to an equivalent sales ratio of thirty-three and one-third percent and dividing by either the percent of true value as determined by the state tax commission on or before March fifteenth preceding the fiscal year in which the valuation will be effective as adjusted by the department of elementary and secondary education to an equivalent sales ratio of thirty-three and one-third percent or the average percent of true value for the highest three of the last four years as determined and certified by the state tax commission, whichever is greater. To the equalized locally assessed valuation of each district shall be added the assessed valuation of tangible personal property. The assessed valuation of property which has previously been excluded from the tax rolls, which is being contested as not being taxable and which increases the total assessed valuation of the school district by fifty percent or more, shall not be included in the calculation of equalized assessed valuation under this subdivision;

(9) "Fiscal instructional ratio of efficiency", the quotient of the sum of the district's current operating costs for all kindergarten through grade twelve direct instructional and direct pupil support service functions plus the costs of improvement of instruction and the cost of purchased services and supplies for operation of the facilities housing those programs, excluding student activities, divided by the sum of the district's current operating cost for kindergarten through grade twelve, plus all

tuition revenue received from other districts minus all noncapital transportation costs;

(10) "Free and reduced lunch eligible pupil count", the number of pupils eligible for free and reduced lunch on the last Wednesday in January for the preceding school year who were enrolled as students of the district, as approved by the department in accordance with applicable federal regulations;

(11) "Guaranteed tax base" means the amount of equalized assessed valuation per eligible pupil guaranteed each school district by the state in the computation of state aid. To compute the guaranteed tax base, school districts shall be ranked annually from lowest to highest according to the amount of equalized assessed valuation per pupil. The guaranteed tax base shall be based upon the amount of equalized assessed valuation per pupil of the school district in which the ninety-fifth percentile of the state aggregate number of pupils falls during the third preceding year and shall be equal to the state average equalized assessed valuation per eligible pupil for the third preceding year times two and one hundred and sixty-seven thousandths; except that, for the purposes of line 14(b) the guaranteed tax base shall be no greater than the guaranteed tax base used for the 1998-99 payment year. The average equalized assessed valuation per pupil shall be the quotient of the total equalized assessed valuation of the state divided by the number of eligible pupils;

(12) "Membership" shall be the average of (1) the number of resident full-time students and the full-time equivalent number of part-time students who were enrolled in the public schools of the district on the last Wednesday in September of the previous year and who were in attendance one day or more during the preceding ten school days and (2) the number of resident full-time students and the full-time equivalent number of part-time students who were enrolled in the public schools of the district on the last Wednesday in January of the previous year and who were in attendance one day or more during the preceding ten school days, plus the full-time equivalent number of summer school pupils. "Full-time equivalent number of part-time students" is determined by dividing the total number of hours for which all part-time students are enrolled by the number of hours in the school term. "Full-time equivalent number of summer school pupils" is determined by dividing the total number of hours for which all summer school pupils were enrolled by the number of hours required pursuant to section 160.011, RSMo, in the school term. Only students eligible to be counted for average daily attendance shall be counted for membership;

(13) "Operating levy for school purposes" for districts making transfers pursuant to subsection 4 of section 165.011, RSMo, based upon amounts multiplied by the guaranteed tax base, or making payments or expenditures related to obligations made pursuant to section 177.088, RSMo, or any combination of such transfers, payments or expenditures, means the sum of tax rates levied for teachers' and incidental funds plus the operating levy or sales tax equivalent pursuant to section 162.1100, RSMo, of any transitional school district containing the school district, in the payment year, and, for other districts, means the sum of tax rates levied for incidental, teachers', debt service and capital projects funds plus the operating levy or sales tax equivalent pursuant to section 162.1100, RSMo, of any transitional school district containing the school district, with no more than eighteen cents of the sum levied in the debt service and capital projects funds. Any portion of the operating levy for school purposes levied in the debt service and capital projects funds in excess of a sum of ten cents must be authorized by a vote of the people, after August 28, 1998, approving an increase in the operating levy, or a full waiver of the rollback pursuant to section 164.013, RSMo, with a tax rate ceiling in excess of the minimum tax rate or an issuance of general obligation bond. The operating levy shall be, after all adjustments and equalization of the operating levy, no greater than a maximum value of four dollars and ninety-five cents per one hundred dollars assessed

valuation, except that the operating levy shall be no greater than a maximum value of four dollars and seventy cents per one hundred dollars assessed valuation for the purposes of line 2 of subsection 6 of section 163.031. To equalize the operating levy, multiply the aggregate tax rates for teachers' and incidental funds by either the percent of true value, as determined by the state tax commission on or before March fifteenth preceding the fiscal year in which the evaluation will be effective as adjusted by the department of elementary and secondary education to an equivalent sales ratio of thirty-three and one-third percent, or the average percent of true value for the highest three of the last four years as determined and certified by the state tax commission, whichever is greater, and divide by the percent of true value as adjusted by the department of elementary and secondary education to an equivalent sales ratio of thirty-three and one-third percent, provided that for any district for which the equivalent sales ratio is equal to or greater than thirty-three and one-third percent, the equalized operating levy shall be the adjusted operating levy. For any county in which the equivalent sales ratio is less than thirty-one and two-thirds percent, the state tax commission shall conduct a second study in that county and shall use a sample consisting of the parcels used as a sample in the original study combined with an equal number of newly selected parcels. If the new ratio is higher than the original ratio provided by this subdivision, the new ratio shall be used for the purposes of this subdivision and for determining equalized assessed valuation pursuant to subdivision (8) of this section. For the purposes of calculating state aid pursuant to section 163.031, for any district which has not enacted a voluntary tax rate rollback nor increased the amount of a voluntary tax rate rollback from the previous year's amount, the tax rate used to determine a district's entitlement shall be adjusted so that any decrease in the entitlement due to a decrease in the tax rate resulting from the reassessment shall equal the decrease in the deduction for the assessed valuation of the district as a result of the change in the tax rate due to reassessment. The tax rate adjustments required under this subdivision due to reassessment shall be cumulative and shall be applied each year to determine the tax rate used to calculate the entitlement; [except that whenever the actual current operating levy equals or exceeds the tax rate calculated pursuant to this subdivision for the purpose of determining the district's entitlement, then the prior tax rate adjustments required under this subdivision due to reassessment shall be eliminated and shall not be applied in determining the tax rate used to calculate the district entitlement, except that whenever the actual current operating levy is increased by school board action prior to January 1, 2000, or by district voter approval at any time, to a level which equals or exceeds the tax rate calculated pursuant to this subdivision for the purpose of determining the districts entitlement, then the prior tax rate adjustments required under this subdivision due to reassessment shall be eliminated after five years and shall not thereafter be applied in determining the tax rate used to calculate the district entitlement;]

(14) "School purposes" pertains to teachers' and incidental funds;

(15) "Teacher" means any teacher, teacher-secretary, substitute teacher, supervisor, principal, supervising principal, superintendent or assistant superintendent, school nurse, social worker, counselor or librarian who shall, regularly, teach or be employed for no higher than grade twelve more than one-half time in the public schools and who is certified under the laws governing the certification of teachers in Missouri.

163.031. 1. School districts which meet the requirements of section 163.021 shall be entitled to an amount computed as follows: an amount determined by multiplying the number of eligible pupils by the lesser of the district's equalized operating levy for school purposes as defined in section 163.011 or two dollars and seventy-five cents per one hundred dollars assessed valuation multiplied by the guaranteed tax base per eligible pupil times the proration factor plus an amount determined

by multiplying the number of eligible pupils by the greater of zero or the district's equalized operating levy for school purposes as defined in section 163.011 minus two dollars and seventy-five cents per one hundred dollars assessed valuation multiplied by the guaranteed tax base per eligible pupil times the proration factor. For the purposes of this section, the proration factor shall be equal to the sum of the total appropriation for distribution under subsections 1 and 2 of this section; and the state total of the deductions as calculated in subsection 2 of this section which do not exceed the district entitlements as adjusted by the same proration factor; divided by the amount of the state total of district entitlements before proration as calculated pursuant to this subsection; provided that, if the proration factor so calculated is greater than one, the proration factor for line 1(b) shall be the greater of one or the proration factor for line 1(a) minus five hundredths, and provided that if the proration factor so calculated is less than one, the proration factor for line 1(a) shall be the lesser of one or the proration factor for line 1(b) plus five hundredths.

2. From the district entitlement for each district there shall be deducted the following amounts: an amount determined by multiplying the district equalized assessed valuation by the district's equalized operating levy for school purposes times the district income factor plus ninety percent of any payment received the current year of protested taxes due in prior years no earlier than the 1997 tax year minus the amount of any protested taxes due in the current year and for which notice of protest was received during the current year; one hundred percent of the amount received the previous year for school purposes from intangible taxes, fines, forfeitures and escheats, payments in lieu of taxes and receipts from state assessed railroad and utility tax, except that any penalty paid after July 1, 1995, by a concentrated animal feeding operation as defined by the department of natural resources rule shall not be included; one hundred percent of the amounts received the previous year for school purposes from federal properties pursuant to sections 12.070 and 12.080, RSMo; federal impact aid received the previous year for school purposes pursuant to P.L. 81-874 less fifty thousand dollars multiplied by ninety percent or the maximum percentage allowed by federal regulation if that percentage is less than ninety; fifty percent, or the percentage otherwise provided in section 163.087, of Proposition C revenues received the previous year for school purposes from the school district trust fund pursuant to section 163.087; one hundred percent of the amount received the previous year for school purposes from the fair share fund pursuant to section 149.015, RSMo; and one hundred percent of the amount received the previous year for school purposes from the free textbook fund, pursuant to section 148.360, RSMo.

3. School districts which meet the requirements of section 163.021 shall receive categorical add-on revenue as provided in this subsection. There shall be individual proration factors for each categorical entitlement provided for in this subsection, and each proration factor shall be determined by annual appropriations, but no categorical proration factor shall exceed the entitlement proration factor established pursuant to subsection 1 of this section, except that the vocational education entitlement proration factor established pursuant to line 16 of subsection 6 of this section and the educational and screening program entitlements proration factor established pursuant to line 17 of subsection 6 of this section may exceed the entitlement proration factor established pursuant to subsection 1 of this section. The categorical add-on for the district shall be the sum of: **seventy-five percent of the costs of adopting and providing a violence prevention program pursuant to section 161.650, RSMo, multiplied by the proration factor;** seventy-five percent of the district allowable transportation costs pursuant to section 163.161 multiplied by the proration factor; the special education approved or allowed cost entitlement for the district, provided for by section 162.975, RSMo, multiplied by the proration factor; seventy-five percent of the district gifted

education approved or allowable cost entitlement as determined pursuant to section 162.975, RSMo, multiplied by the proration factor; the free and reduced lunch eligible pupil count for the district, as defined in section 163.011, multiplied by twenty percent, for a district with an operating levy in excess of two dollars and seventy-five cents per one hundred dollars assessed valuation, or twenty-two percent, otherwise times the guaranteed tax base per eligible pupil times two dollars and seventy-five cents per one hundred dollars assessed valuation times the proration factor plus the free and reduced lunch eligible pupil count for the district, as defined in section 163.011, times thirty percent times the guaranteed tax base per eligible pupil times the following quantity: ((the greater of zero or the district's operating levy for school purposes minus two dollars and seventy-five cents per one hundred dollars assessed valuation) times one or, beginning in the fifth year following the effective date of this section, the quotient of the district's fiscal instructional ratio of efficiency for the prior year divided by the fiscal year 1998 statewide average fiscal instructional ratio of efficiency, if the district's prior year fiscal instructional ratio of efficiency is at least five percent below the fiscal year 1998 statewide average) times the proration factor, minus court-ordered state desegregation aid received by the district for operating purposes **provided that an increase in the payment amount of line 14(a) shall be made by the department of elementary and secondary education, if needed, to ensure that a district receives no less total revenue from lines 14(a) and 14(b) than the district would receive if it levied an operating levy no greater than two dollars and seventy-five cents per one hundred dollars assessed valuation**; the career ladder entitlement for the district, as provided for in sections 168.500 to 168.515, RSMo, multiplied by the proration factor; the vocational education entitlement for the district, as provided for in section 167.332, RSMo, multiplied by the proration factor and the district educational and screening program entitlements as provided for in sections 178.691 to 178.699, RSMo, times the proration factor.

4. Each district's apportionment shall be the prorated categorical add-ons plus the greater of the district's prorated entitlement minus the total deductions for the district or zero.

5. (1) In the 1993-94 school year and all subsequent school years, pursuant to section 10(c) of article X of the state constitution, a school district shall adjust upward its operating levy for school purposes to the extent necessary for the district to at least maintain the current operating expenditures per pupil received by the district from all sources in the 1992-93 school year, except that its operating levy for school purposes shall not exceed the highest tax rate in effect subsequent to the 1980 tax year, or the minimum rate required by subsection 2 of section 163.021, whichever is less.

(2) The revenue per eligible pupil received by a district from the following sources: line 1 minus line 10, or zero if line 1 minus line 10 is less than zero, plus line 14 of subsection 6 of this section, shall not be less than the revenue per eligible pupil received by a district in the 1992-93 school year from the foundation formula entitlement payment amount plus the amount of line 14 per eligible pupil that exceeds the line 14 per pupil amount from the 1997-98 school year, or the revenue per eligible pupil received by a district in the 1992-93 school year from the foundation formula entitlement payment amount plus the amount of line 14(a) per eligible pupil times the quotient of line 1 minus line 10, divided by the number of eligible pupils, or zero if line 1 minus line 10 is less than zero, divided by the revenue per eligible pupil received by the district in the 1992-93 school year from the foundation formula entitlement payment amount, whichever is greater. The department of elementary and secondary education shall make an addition in the payment amount of line 19 of subsection 6 of this section to assure compliance with the provisions contained in this section. **Beginning with the 2000-2001 school year, the eligible pupil number used in these calculations shall exclude voluntary transfer students, and the 1997-1998 line 14 total amount and amount**

per pupil will be recalculated to exclude the voluntary transfer students originally in the calculation. Beginning with the 2000-2001 school year, for any district with voluntary transfer students in 1997-1998, the current year per eligible pupil payment amount shall not be less than the previous year per eligible pupil payment amount.

(3) For any school district which meets the eligibility criteria for state aid as established in section 163.021, but which under subsections 1 to 4 of this section, receives no state aid for two successive school years, other than categorical add-ons, by August first following the second such school year, the commissioner of education shall present a plan to the superintendent of the school district for the waiver of rules and the duration of said waivers, in order to promote flexibility in the operations of the district and to enhance and encourage efficiency in the delivery of instructional services. The provisions of other law to the contrary notwithstanding, the plan presented to the superintendent shall provide a summary waiver, with no conditions, for the pupil testing requirements pursuant to section 160.257, RSMo. Further, the provisions of other law to the contrary notwithstanding, the plan shall detail a means for the waiver of requirements otherwise imposed on the school district related to the authority of the state board of education to classify school districts pursuant to section 161.092, RSMo, and such other rules as determined by the commissioner of education, except that such waivers shall not include the provisions established pursuant to sections 160.514 and 160.518, RSMo.

(4) In the 1993-94 school year and each school year thereafter for two years, those districts which are entitled to receive state aid under subsections 1 to 4 of this section, shall receive state aid in an amount per eligible pupil as provided in this subsection. For the 1993-94 school year, the amount per eligible pupil shall be twenty-five percent of the amount of state aid per eligible pupil calculated for the district for the 1993-94 school year pursuant to subsections 1 to 4 of this section plus seventy-five percent of the total amount of state aid received by the district from all sources for the 1992-93 school year for which the district is entitled and which are distributed in the 1993-94 school year pursuant to subsections 1 to 4 of this section. For the 1994-95 school year, the amount per eligible pupil shall be fifty percent of the amount of state aid per eligible pupil calculated for the district for the 1994-95 school year pursuant to subsections 1 to 4 of this section plus fifty percent of the total amount of state aid received by the district from all sources for the 1992-93 school year for which the district is entitled and which are distributed in the 1994-95 school year pursuant to subsections 1 to 4 of this section. For the 1995-96 school year, the amount of state aid per eligible pupil shall be seventy-five percent of the amount of state aid per eligible pupil calculated for the district for the 1995-96 school year pursuant to subsections 1 to 4 of this section plus twenty-five percent of the total amount of state aid received by the district from all sources for the 1992-93 school year for which the district is entitled and which are distributed in the 1995-96 school year pursuant to subsections 1 to 4 of this section. Nothing in this subdivision shall be construed to limit the authority of a school district to raise its district operating levy pursuant to subdivision (1) of this subsection.

(5) If the total of state aid apportionments to all districts pursuant to subdivision (3) of this subsection is less than the total of state aid apportionments calculated pursuant to subsections 1 to 4 of this section, then the difference shall be deposited in the outstanding schools trust fund. If the total of state aid apportionments to all districts pursuant to subdivision (1) of this subsection is greater than the total of state aid apportionments calculated pursuant to subsections 1 to 4 of this section, then funds shall be transferred from the outstanding schools trust fund to the state school moneys fund to the extent necessary to fund the district entitlements as modified by subdivision (4)

of this subsection for that school year with a district entitlement proration factor no less than one and such transfer shall be given priority over all other uses for the outstanding schools trust fund as otherwise provided by law.

6. State aid shall be determined as follows:

District Entitlement

- 1(a). Number of eligible pupils x (lesser of district's equalized operating levy for school purposes or two dollars and seventy-five cents per one hundred dollars assessed valuation) x (proration x GTB per EP).....\$.....
- 1(b). Number of eligible pupils x (greater of: 0, or district's equalized operating levy for school purposes minus two dollars and seventy-five cents per one hundred dollars assessed valuation) x (proration x GTB per EP).....\$.....

Deductions

2. District equalized assessed valuation x district income factor x district's equalized operating levy for school purposes plus ninety percent of any payment received the current year of protested taxes due in prior years no earlier than the 1997 tax year minus the amount of any protested taxes due in the current year and for which notice of protest was received during the current year.....\$.....
3. Intangible taxes, fines, forfeitures, escheats, payments in lieu of taxes, etc. (100% of the amount received the previous year for school purposes).....\$.....
4. Receipts from state assessed railroad and utility tax (100% of the amount received the previous year for school purposes).....\$.....
5. Receipts from federal properties pursuant to sections 12.070 and 12.080, RSMo (100% of the amount received the previous year for school purposes).....\$.....
6. (Federal impact aid received the previous year for school purposes pursuant to P.L. 81-874 less \$50,000) x 90% or the maximum percentage allowed by federal regulations if less than 90%.....\$.....
7. Fifty percent or the percentage otherwise provided in section 163.087 of Proposition C receipts from the school district trust fund received the previous year for school purposes pursuant to section 163.087.....\$.....
8. One hundred percent of the amount received the previous year for school purposes from the fair share fund pursuant to section 149.015, RSMo.....\$.....
9. One hundred percent of the amount received the previous year for school purposes from the free textbook fund pursuant to section 148.360, RSMo.....\$.....
10. Total deductions (sum of lines 2-9).....\$.....

Categorical Add-ons

11. The amount distributed pursuant to section 163.161 x proration.....\$.....
12. Special education approved or allowed cost entitlement for the district pursuant to section 162.975, RSMo, x proration.....\$.....
13. Seventy-five percent of the gifted education approved or allowable cost entitlement as determined pursuant to section 162.975, RSMo, x proration.....\$.....
- 14(a). Free and reduced lunch eligible pupil count for the district, as defined in section 163.011, x .20, if operating levy in excess of \$2.75, or .22, otherwise x GTB per EP x \$2.75 per \$100 AV x proration.....\$.....
- 14(b). Free and reduced lunch eligible pupil count for the district, as defined in section 163.011 x .30 x GTB x ((the greater of zero or the district's adjusted operating levy minus \$2.75 per \$100 AV) x (1.0 or, beginning in the fifth year following the effective date of this section, the district's FIRE for the prior year/statewide average FIRE for FY 1998, if the district's prior year FIRE is at least five percent below the FY 1998 statewide average FIRE) x proration) - court-ordered state desegregation aid received by the district for operating purposes.....\$.....
15. Career ladder entitlement for the district as provided for in sections 168.500 to 168.515, RSMo, x proration.....\$.....
16. Vocational education entitlements for the district as provided in section 167.332, RSMo, x proration.....\$.....
17. Educational and screening program entitlements for the district as provided in sections 178.691 to 178.699, RSMo, x proration.....\$.....
18. Sum of categorical add-ons for the district (sum of lines 11-17).....\$.....
19. District apportionment (line 18 plus the greater of line 1 minus line 10 or zero).....\$.....

7. Revenue received for school purposes by each school district pursuant to this section shall be placed in each of the incidental and teachers' funds based on the ratio of the property tax rate in the district for that fund to the total tax rate in the district for the two funds.

8. In addition to the penalty for line 14 described in subsection 6 of this section, beginning in school year 2004-05, any increase in a school district's funds received pursuant to line 14 of subsection 6 of this section over the 1997-98 school year shall be reduced by one percent for each full percentage point the percentage of the district's pupils scoring at or above five percent below the statewide average level on either mathematics or reading is less than sixty-five percent.

9. If a school district's annual audit discloses that students were inappropriately identified as eligible for free or reduced-price lunch and the district does not resolve the audit finding, the department of elementary and secondary education shall require that the amount of line 14 aid paid on the inappropriately identified pupils be repaid by the district in the next school year and shall additionally impose a penalty of one hundred percent of the line 14 aid paid on such pupils, which penalty shall also be paid within the next school year. Such amounts may be repaid by the district through the withholding of the amount of state aid.

163.172. 1. In school year 1994-95 and thereafter, the minimum teacher's salary shall be

eighteen thousand dollars. Beginning in the school year 1996-97, for any full-time teacher with a master's degree and at least ten years teaching experience in a public school or combination of public schools, the minimum salary shall be twenty-four thousand dollars.

2. Beginning with the budget requests for fiscal year 1991, the commissioner of education shall present to the appropriate committees of the general assembly information on the average Missouri teacher's salary, regional average salary data, and national average salary data **and a history of the cost to the state for the minimum salary for teachers program.**

3. **As used in this section, the following terms mean:**

(1) **"Full-time", shall be defined as a teacher working under school district contract for all school days and hours eligible for attendance of students;**

(2) **"Master's degree or its equivalent", shall be at a minimum a bachelor's degree plus at least thirty-two additional hours of course work which results in at least one additional certification;**

(3) **"Regular school term", has a minimum of one hundred seventy-four days and one thousand forty-four hours of pupil attendance possible for students;**

(4) **"Salary", shall include the district salary and minimum salary supplements amounts which appear on the teacher's contract for the regular school term and does not include supplements for extra duties, summer school, career ladder, or extensions of the contract year;**

(5) **"Teacher", shall include all certificated school district personnel paid pursuant to the school district teacher salary schedule.**

[3.] 4. All school **district employee salary and personnel policy** information shall be public information.

[4. As used in this section, the term "salary" shall be defined as the salary figure which appears on the teacher's contract and as determined by the local school district's basic salary schedule and does not include supplements for extra duties.]

5. The minimum salary for any fully certificated teacher employed on a less than full-time basis by a school district, state school for the severely handicapped, the Missouri School for the Deaf, or the Missouri School for the Blind shall be prorated to reflect the amounts provided in subsections 1 and [2] **10** of this section.

[6. Beginning with the 1996-97 school year, the general assembly shall make an annual appropriation to the excellence in education fund established in section 160.268, RSMo, for the purpose of fulfilling the minimum salary requirements for public school teachers in those districts meeting the qualifications established in subsection 7 of this section. The appropriation shall be sufficient to ensure that all qualifying districts are able to comply with the minimum salary requirements of this section. The department of elementary and secondary education shall determine, prior to each school year, those districts which shall be eligible to receive funds in this subsection during the school year. A qualifying district shall be eligible to receive funds appropriated in this subsection only during the first three years following the district's qualifying for such funds.

7. To qualify to begin receiving funds in subsection 6 of this section, a school district shall meet all of the following criteria:

(1) A portion of the real property of the district shall have been removed from the tax rolls due to the impact of state or federal government action;

(2) The district shall have received no more state aid on a per pupil basis for each of the last three school years, exclusive of categorical funding, than the district received for the 1992-93 school

year;

(3) The salaries paid to all teachers in the district for the school year prior to qualification shall be totally compacted at the eighteen thousand dollar per year minimum established in this section;

(4) The district shall have in its employ for the school year prior to qualification one or more teachers with a master's degree and at least ten years' teaching experience in a public school or a combination of public schools;

(5) The district shall be financially distressed or have a history of deficit spending which, if continued, will cause the district to become financially distressed within three years;

(6) The district had an enrollment of no greater than four hundred pupils for the preceding school year; and

(7) The district shall have levied an operating levy for school purposes of not less than two dollars seventy-five cents per one hundred dollars of assessed valuation for the previous year and shall continue to levy at no less than that rate.

8. For any school year in which a school district receives funds pursuant to subsections 6 and 7 of this section, such school district shall continue to expend on teacher salaries no less than the amount it expended on teacher salaries in the school year immediately prior to the school year in which it first receives such funds.

9. No school district receiving funds pursuant to subsections 6 and 7 of this section shall receive additional funds pursuant to subsection 6 of this section by virtue of the annexation of another school district to such school district during or after the school year immediately prior to the school year in which the annexing district first receives such funds; nor shall any school district annexed to a school district receiving funds pursuant to subsections 6 and 7 of this section also receive funds pursuant to subsection 6 of this section by virtue of such annexation if such annexation occurred during or after the school year immediately prior to the school year in which the annexing school district first receives such funds.]

6. Beginning in school year 2001-2002, for districts choosing to participate in the program and receiving funds pursuant to subsection 7 of this section, the minimum salary for a full-time teacher shall be at least twenty-two thousand dollars, the minimum salary for the full-time teacher with at least five years of previous experience shall be at least twenty-five thousand dollars, the minimum salary for a full-time teacher with at least nineteen years of previous experience or a full-time teacher with at least a master's degree or its equivalent and at least ten years previous experience shall be at least twenty-eight thousand dollars, the minimum salary for a full-time teacher with at least a master's degree or its equivalent and at least nineteen years of previous experience shall be at least thirty-four thousand dollars, and the minimum salary for a full-time teacher with at least a master's degree or its equivalent and at least twenty-nine years of previous experience shall be at least forty thousand dollars.

7. Beginning with the 2001-2002 school year, the general assembly shall make an annual appropriation to the excellence in education fund established in section 160.268, RSMo, for the purpose of paying public school teacher minimum salary supplements in those districts meeting the qualifications established in subsection 8 of this section and seeking to receive payments pursuant to this subsection. If the appropriation of the general assembly is insufficient to pay the total cost of all salary supplements the minimum salary amounts of subsection 6 of this section shall be prorated until the amount appropriated is sufficient to make the payments to all participating school districts.

8. To make application and qualify to begin receiving funds pursuant to subsection 7 of this section, a school district shall meet all of the following criteria:

(1) Levy a tax rate in the current year in incidental and teachers funds totaling no less than the operating levy for school purposes for the 1999-2000 school year after all reductions and rollbacks, excluding reductions to the district tax rate ceiling as required by article X, section 22 of the Missouri Constitution;

(2) Make no increase in any voluntary tax rate rollback for operations compared to the 1999 property tax year;

(3) Make no transfer of revenue or balance from either incidental or teachers funds to either debt service or capital projects funds in excess of statutory authority;

(4) Employ all teachers in accordance with district policy with at least one teacher paid according to the district's salary schedule at less than the minimum salary as specified in subsection 6 of this section;

(5) Make no reduction in any salary amount in the district's teacher salary schedule compared to the district's 1999-2000 teacher salary schedule unless the district is financially stressed as identified by the department of elementary and secondary education;

(6) Beginning with school year 2001-2002, determine the salary of any teacher who is a new employee to a school district by placement on the district's salary schedule using all of the teacher's previous years of public school teaching experience;

(7) Beginning with school year 2001-2002, for any school district which is not financially stressed, pay each returning teacher a salary for the regular school term which is no less than the salary paid that teacher during the previous school term on a full-time employee equivalent basis.

9. Reductions or penalties to state aid payments to school districts pursuant to subsection 7 of this section paying minimum salary supplements to teachers shall occur:

(1) Annually by the amount by which total supplemental assignment and extra duty salaries, not including career ladder supplements, paid teachers by a district exceed eight and one-half percent of total salaries for the regular school term plus minimum salary supplements shall be subtracted from state payments made the following year pursuant to subsection 7 of this section;

(2) The amount of end-of-year fund balance in incidental and teachers funds combined in excess of the greater of fifteen percent of expenditures in these funds for a period of at least two consecutive years or the 1999-2000 end-of-year fund balance in these funds shall be subtracted the following year from state payments paid pursuant to subsection 7 of this section and if necessary from state aid paid pursuant to section 163.031.

10. Future increases in minimum salaries established pursuant to subsection 6 of this section for teachers shall be contingent upon decreases in total state payments to all districts made pursuant to subsection 7 of this section. The second fiscal year following a fiscal year in which state cost of funding the minimum salary program pursuant to subsection 7 of this section is eighty-five percent or less of the full funding cost for the first school year of the state funding of minimum salaries for teachers pursuant to subsection 7 of this section, the value of each level of minimum salary provided in subsection 6 of this section shall be increased by one thousand dollars.

11. Expenditures related to state minimum salary revenue received by a district shall not be used to determine compliance with any other provisions of law including compliance

with section 165.016, RSMo.

167.164. 1. Any suspension issued pursuant to section 167.161, or this section, or expulsion pursuant to section 167.161, shall not relieve the state or the suspended student's parents or guardians of their responsibilities to educate the student. School districts are encouraged to provide an in-school suspension system and to search for other acceptable discipline alternatives prior to using suspensions of more than ten days or expelling a student from the school. Each school district or special school district constituting the domicile of any child for whom alternative education programs are provided or procured under this section shall pay toward the per pupil costs for alternative education programs for such child. A school district which is not a special school district shall pay an amount equal to the average sum produced per child by the local tax effort of the district of domicile. A special school district shall pay an amount not to exceed the average sum produced per child by the local tax efforts of the domiciliary districts. When educational services have been provided by the school district or special school district in which a child actually resides, other than the district of domicile, the amounts as provided in subsection 2 of this section for which the domiciliary school district or special school district is responsible shall be paid by such district directly to the serving district. The school district, or special school district, as the case may be, shall send a written voucher for payment to the regular or special district constituting the domicile of the child served and the domiciliary school district or special school district receiving such voucher shall pay the district providing or procuring the services an amount not to exceed the average sum produced per child by the local tax efforts of the domiciliary districts. In the event the responsible district fails to pay the appropriate amount to the district within ninety days after a voucher is submitted, the state department of elementary and secondary education shall deduct the appropriate amount due from the next payments of any state financial aid due that district and shall pay the same to the appropriate district.

2. A school district may contract with other political subdivisions, public agencies, not for profit organizations, or private agencies for the provision of alternative education services for students whose demonstrated disruptive behavior indicates that they cannot be adequately served in the traditional classroom setting. Such contracting may be included as part of a grant application pursuant to section 167.335 or conducted independent of the provisions of section 167.335.

3. Notwithstanding the provisions of chapter 163, RSMo, to the contrary, for the purposes of determining state aid, a nonresident student enrolled pursuant to a contract authorized pursuant to subsection 2 of this section to provide alternative education may be counted, at the election of the serving school district, as a resident pupil.

170.051. 1. As used in this section, the term "textbook" means workbooks, manuals, or other books, whether bound or in loose-leaf form, intended for use as a principal source of study material for a given class or group of students, a copy of which is expected to be available for the individual use of each pupil in such class or group.

2. Each public school board shall purchase and loan free all textbooks for all children who are enrolled in grades kindergarten through twelve in the public schools of the district, and may purchase textbooks and instructional materials for prekindergarten students.

3. Only textbooks which are filed with the state board of education pursuant to section 170.061 shall be purchased and loaned [under] **pursuant to** this section. No textbooks shall be purchased or loaned [under] **pursuant to** this section to be used in any form of religious instruction or worship.

4. Each school board shall purchase from the free textbook fund, or from the incidental fund

of the district if the free textbook fund is insufficient, all the new or used textbooks for all the pupils in all grades and preschool programs of the public schools of the district. The board may also expend either textbook fund moneys or incidental fund moneys to provide supplementary texts, library and reference books, contractual educational television services, **computer software or any computer equipment necessary to use such software, provided that such computer equipment costs less than five hundred dollars**, and any other instructional supplies for all the pupils of the public schools of the district. The board may, in its discretion, expend textbook fund moneys to provide any other instructional materials and supplies for the pupils of the public schools of the district. All books purchased from district funds are the property of the district but shall be furnished, [under] **pursuant to** rules and regulations prescribed by the school board, to the pupils without charge, except for abuse or willful destruction.

Section B. Section 163.036, RSMo Supp. 1999, is repealed and one new section enacted in lieu thereof, to be known as section 163.036, to read as follows:

163.036. 1. In computing the amount of state aid a school district is entitled to receive under section 163.031, a school district may use an estimate of the number of eligible pupils for the ensuing year, the number of eligible pupils for the immediately preceding year or the number of eligible pupils for the second preceding school year, whichever is greater. **Except as otherwise provided in subsection 3 of this section**, any error made in the apportionment of state aid because of a difference between the actual number of eligible pupils and the estimated number of eligible pupils shall be corrected as provided in section 163.091, except that if the amount paid to a district estimating eligible pupils exceeds the amount to which the district was actually entitled by more than five percent, interest at the rate of six percent shall be charged on the excess and shall be added to the amount to be deducted from the district's apportionment the next succeeding year.

2. Notwithstanding the provisions of subsection 1 of this section or any other provision of law, the state board of education shall make an adjustment for the immediately preceding year for any increase in the actual number of eligible pupils above the number on which the state aid in section 163.031 was calculated. Said adjustment shall be made in the manner providing for correction of errors under subsection 1 of this section.

3. (1) For any district which has, for at least five years immediately preceding the year in which the error is discovered, adopted a calendar for the school term in which elementary schools are in session for twelve months of each calendar year, any error made in the apportionment of state aid to such district because of a difference between the actual number of eligible pupils and the estimated number of eligible pupils shall be corrected as provided in section 163.091 and subsection 1 of this section, except that if the amount paid exceeds the amount to which the district was actually entitled by more than five percent and the district provides written application to the state board requesting that the deductions be made pursuant to subdivision (2) of this subsection, then the amounts shall be deducted pursuant to subdivision (2) of this subsection.

(2) For deductions made pursuant to this subdivision, interest at the rate of six percent shall be charged on the excess and shall be included in the amount deducted and the total amount of such excess plus accrued interest shall be deducted from the district's apportionment in equal monthly amounts beginning with the succeeding school year and extending for a period of months specified by the district in its written request and no longer than sixty months.

[3.] **4.** For the purposes of distribution of state school aid pursuant to section 163.031, a

school district may elect to use the district's equalized assessed valuation for the preceding year, or an estimate of the current year's assessed valuation if the current year's equalized assessed valuation is estimated to be more than ten percent less than the district's equalized assessed valuation for the preceding year. A district shall give prior notice to the department of its intention to use the current year's assessed valuation pursuant to this subsection. Any error made in the apportionment of state aid because of a difference between the actual equalized assessed valuation for the current year and the estimated equalized assessed valuation for the current year shall be corrected as provided in section 163.091, except that if the amount paid to a district estimating current equalized assessed valuation exceeds the amount to which the district was actually entitled, interest at the rate of six percent shall be charged on the excess and shall be added to the amount to be deducted from the district's apportionment the next succeeding year.

Section C. Because of the need to ensure continued financial solvency of certain school districts, section B of this act is deemed necessary for the immediate preservation of the public health, welfare, peace and safety, and is hereby declared to be an emergency act within the meaning of the constitution, and section B of this act shall be in full force and effect upon its passage and approval.

Bill

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